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C O N F I D E N T I A L ANKARA 003794

SIPDIS

STATE EUR, NEA AND PM

E.O. 12958: DECL: 06/10/2013

TAGS: [EPET](#) [PREL](#) [I2](#) [TU](#)

SUBJECT: KDP'S CONTINUED PRACTICE OF CHARGING FEES AT
BORDER THREATENS TO STALL EFFORTS TO FACILITATE FLOW OF
GOODS TO IRAQ

REF: ANKARA 3731

(U) Baghdad minimize considered.

(U) Classified by Ambassador W. Robert Pearson. Reasons:
1.5 (B and D).

[1](#)1. (U) This is an action request. See para 4.

[1](#)2. (C) Recent reports that the KDP intends to continue charging taxes/fees for goods crossing the Turkish-Iraqi border threatens to stall our ability to facilitate the flow of goods to Iraq and could hamper our overall reconstruction efforts. It is our understanding that CPA Ambassador Bremer and other US officials in Iraq have called on all Iraqi groups to implement a &tax holiday8 while we attempt to devise a uniform plan for the entire country. Despite this request, GOT officials, Turkish businessmen and sources in Iraq report that Kurdish groups continue to charge fees for trucks coming across the border. The local KDP representative confirmed these reports June 9 and said the KDP intends to continue the practice, although under a slightly different formula. (reftel).

[1](#)3. (C) We view the KDP,s insistence on continuing charging fees along the border as an unilateral move by one Iraqi group that would appear to run counter to the CPA,s policy of a &tax holiday8 and, if left unchecked, could threaten our larger objective of increasing the flow of goods to Iraq. While the local KDP rep assures us there are no fees on World Food Program (WFP) shipments entering Iraq from Turkey, WFP Ankara told us the WFP is required to pay the KDP \$20 per truck and that only aid shipments entering Iraq from Turkey are subject to fees. Last week, a truckers' strike against an attempt by the KDP to increase fees temporarily halted UN shipments from Turkey to Iraq, as the Financial Times reported. While trucks carrying fuel and LPG via the Ground Line of Communication (GLOC) between Turkey and Iraq reportedly are presently not being charged fees, we have no assurances this will not change down the road if Kurdish groups continue to be permitted to implement their own fee system. Furthermore, we suspect that some GOT officials are hiding behind the fee issue before agreeing to implement the necessary procedures (including new import guidelines) that will facilitate the flow of goods and services between Turkey and Iraq. As long as the Kurdish groups in the north continue to &run8 an independent fee collection policy along the border, we can expect the Turks to drag their feet on implementing the steps they need to take to open up their side of the border.

[1](#)4. (C) Action request: Embassy will continue to press the GOT hard to open its border fully to two-way trade. It is already open to the flow of humanitarian assistance. We recommend that Washington agencies and the CPA continue to press hard on senior KDP and other Iraqi leaders to implement the &tax holiday8 plan. If these groups resist, we recommend that Washington consider instructing US officials in Iraq to immediately assume administrative and security control of the Turkish-Iraqi border crossings to ensure proper implementation of Coalition policy.
PEARSON